

**GOVERNMENT OF ANDHRA PRADESH**  
**Abstract**

E, I&I Department - Providing Government guarantee for the HUDCO loan for Rs.854 Crores for development of Bhogapuram International Airport with budgetary support for repayment of the loan including interest with three years loan drawal/moratorium - Orders - Issued.

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**ENERGY, INFRASTRUCTURE & INVESTMENT (AIRPORTS) DEPARTMENT**  
G.O.RT.No. 49Dated: 10-05-2016  
**Read the following:**

1. G.O.Rt.No.63, I&I (Airports) Dept., Dated:20.05.2015.  
2. G.O.Rt.No.20, E, I&I (Airports) Dept., Dated:07.10.2015.  
3. From the Managing Director, BIACL, Hyderabad,  
Lr.No.GFAs/BIACL/HUDCOLOAN/04/2016, dated:24.02.2016.  
4. From the Managing Director, BIACL, Hyderabad,  
Lr.No.BIACL/A.P/F/HUDCOLOAN/03/2016, dated:13.04.2016

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**ORDER:**

In the G.O 1<sup>st</sup> read above, orders were issued for formation of an SPV named Bhogapuram International Airport Corporation Limited (BIACL) under Companies Act 2013, which shall be 100% owned by Government of Andhra Pradesh, for speedy implementation of Bhogapuram Aerotropolis Project comprising of International Airport, Maintenance, Repair and Overhaul (MRO) facility and an Aviation Academy.

2. In the G.O 2<sup>nd</sup> read above, the Managing Director, Bhogapuram International Airport Corporation Limited was permitted to submit proposals to the Commercial Bankers to seek loan to the tune of Rs.1500 crores to meet the costs towards pre-development activities such as land acquisition, R&R, community activities and also provision of external utility infrastructure such as approach roads, water / power connection etc., to the Project site.

3. In the letter 3<sup>rd</sup> cited, the Managing Director, Bhogapuram International Airport Corporation Limited has informed that Housing and Urban Development Corporation (HUDCO), which is a Government of India entity, had come forward to fund the land acquisition and pre-development activities for the airport and on application from BIACL, HUDCO has sanctioned a sum of Rs 1,500 crores for land acquisition and pre-development activities for Bhogapuram International Airport. The loan up to Rs 1,500 crores can be drawn fully or partially as per the requirement of the Government of AP (GoAP) and there is no penalty for partial drawl and hence, the GoAP can plan and draw the loan in a phased manner.

4. He has also informed that keeping in view the tight timelines of the project, the proposed loan from HUDCO for Phase I of the airport project may be permitted against government guarantee. The details of land to be acquired and the estimated cost of the loan amount for Phase I of the project is shown in the following table.

| Project Name<br>BIACL                                                     | Total<br>Extent<br>of land<br>to be<br>acquired | Extent of<br>land to be<br>acquired<br>for Phase<br>I | Estimated<br>Expenditure of<br>Land acquisition<br>and<br>predevelopment<br>activities for<br>Phase I & II | Cost of<br>Land<br>Acquisition<br>for Phase I |
|---------------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------------|------------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| Land acquisition<br>and<br>predevelopment<br>activities for<br>Bhogapuram | 5,113.00<br>acres                               | 2,004.54<br>acres                                     | Rs 1,700.00<br>Crores                                                                                      | Rs 650.00<br>Crores                           |

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5. In the letter 4<sup>th</sup> cited, the MD, BIACL has informed that in case the interest during construction is capitalised there will be no outgo for the government, and an amount of Rs.68 crore per annum towards interest will have to be paid from the loan amount. He has also informed that the total interest on Rs.650 crore of loan works out to **Rs.204 crore for 3 years i.e. during construction** and the total amount of loan for Land Acquisition and interest repayment for three years works out to Rs.854 crore and requested to issue government guarantee for **Rs.854 crore i.e.,** Rs.650 crore for Land Acquisition and Rs.204 crore to capitalise interest on loan during construction.

6. After careful examination Government hereby agree to provide Government guarantee for the HUDCO loan for Rs. 854 Crores for development of Bhogapuram International Airport with budgetary support for repayment of the loan including interest with three years loan drawal/moratorium with the following conditions:

A) The loan will be obtained by BIACL and will be shown on the books of accounts of the BIACL duly following the established procedures of that corporate entity

B) the terms and conditions of HUDCO loan will inter alia adhere to the following:

- i. tenure of 20 years and fixed interest rate of 10.45% as per the HUDCO norms,
- ii. moratorium of at least three years; and
- iii. there is no commitment fee. Interest is to be charged only on the amount drawn from the date of drawl. As per Hudco norms penal interest will be charged for delayed payment which is applicable uniformly to all the agencies across the country.

C) The BIACL is advised not to draw the money in one tranche but to harmonise drawl from HUDCO with the utilisation. However, the MD, BIACL is permitted to enter into loan agreement with HUDCO as project proponent.

D) The acquired land is to be vested in the Government and not BIACL and to be used as government's equity at appropriate time.

E) The Government shall be kept informed of the progress in this regard.

7. The Managing Director, Bhogapuram International Airport Corporation Limited, Hyderabad shall take necessary action in the matter accordingly.

8. This order issues with the concurrence of Finance Department vide their U.O. dated:21.04.2016.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

AJAY JAIN  
PRL.SECRETARY TO GOVERNMENT

To

The Managing Director, Bhogapuram International Airport Corporation Limited.  
The Executive Director, Regional Office, HUDCO, HACA Bhavan, Sifabad, Hyderabad.  
The Director of Treasuries and Accounts, A.P, Hyderabad.  
The Accountant General, A.P, Hyderabad.  
The Prl. Secretary to C.M.  
The Finance Department,  
General Administration (Cabinet) Department.

//Forwarded:: By Order//

SECTION OFFICER